

FINANCIAL SECRETARIAT

ANNEXURE

Issues instructions re Foreign Exchange Restrictions.

ORDER No. Fl. 4222-93—G. F. 159-47-4, DATED BANGALORE,
THE 23RD—26TH JANUARY 1948.

OFFICIAL MEMORANDUM.**Foreign Exchange Restrictions.**

A copy of letter No. 711-I. C.—47, dated the 15th December 1947, from the Ministry of States, Government of India, is enclosed for information and guidance. The following instructions are issued for the guidance of all departments.

Pensions of retired officers of Government.—The Comptroller to Government may apply to the Reserve Bank and obtain a general sanction.

Fees to Technical Advisers.—As the Government of India exercise a control over the employment of Foreign personnel, the Administrative Secretaries to Government should furnish details and obtain sanction of Government of India in advance.

Subscription for Periodicals.—The Reserve Bank of India should be addressed in the matter. In order to avoid unnecessary correspondence, details of such subscriptions and the total amount required annually for such subscriptions may be furnished to the Comptroller to Government by the end of March 1948, who may obtain a general sanction. No subscription not included in the statement sent to Comptroller will be authorised for payment.

Trade Commissioner's Office.—Government of India should be addressed to permit the remittance of funds for the purpose from here to London, through the Imperial Bank, Bangalore.

Machinery.—The Heads of Departments or the Secretaries to Government in the Administrative Department may apply to the Chief Controller of Imports for necessary Import Licenses. The Import Licenses are usually rejected by the Government of India when they consider that the import is not in the national interest.

Raw Materials.—In all cases including Government Industrial Concerns, the Heads of Departments or the Secretaries to Government in the Administrative Department should address the Ministry of States furnishing details explaining the need for the purchase of raw materials from abroad.

Payments to State Sponsored Scholars.—The existing arrangements will continue till the end of March 1948. Regarding payments to be made during 1948-49 (April to March) action should be taken to place the necessary funds in advance at the disposal of Government of India authorities abroad. To enable the Comptroller to take necessary action, the Heads of Departments should furnish details of payments to be made to the scholars during 1948-49 immediately. The Government Order sanctioning the deputation, period of study, the period of study completed to end of 1947-48, period of study remaining during 1948-49, rate of stipend and other concessions, total amount payable during 1948-49 including all charges, fees, etc., and any other particulars which the Comptroller may require should be immediately furnished.

Payments to Government Officers deputed to foreign countries for training or study.—In the case of Government Officers who have already left India and who are already undergoing training or study, the existing arrangements will continue. The Heads of Departments should take necessary action to obtain the necessary Exchange Control Permits from the Reserve Bank in respect of payments to be made outside the sterling area.

In the case of officers whose deputations have been sanctioned but the officers have not yet left India as also in the case of all future deputations of officers, the concerned Administrative Secretaries to Government will furnish details of the deputation and obtain the sanction of the Ministry of States, Government of India. In no case should officers take the risk and leave India unless necessary authorisation from Government of India is obtained.

Letter No. D. 711-I. C.—47, dated the 15th December from the Deputy Secretary to the Government of Ministry of States, to the Secretary to Government Finance Department, Bangalore.

Foreign Exchange Restrictions.

I am directed to refer to your letter No. Fl. 3334—159-47-2—Enc. one, dated the 20th November 1947, on subject mentioned above addressed to the Ministry of Finance and to explain that as a result of the Interim Sterling Balance Agreement concluded between the Government of India and His Majesty's Government on the 14th August 1947, it has become from that date a hard currency and this necessitated the exercise of the same economy in its expenditure as any other hard or difficult currency. Free sterling remittances have accordingly ceased and a control established to ensure that the expenditure of sterling is regulated due regard to the country's foreign exchange resources. The control applies equally to the Governments of all Provinces and States and I am to assure you that its extension to the Mysore State Government is in no sense discriminatory.

2. Exchange facilities are, however, provided for legitimate purposes within the frame work of the Government of India's policy in this behalf. The import of capital and consumer goods is accordingly subject to licensing, but where an import license has been issued, the exchange control accompanying it furnishes authority to any authorised person in foreign exchange to arrange the remittance without further reference to the Reserve Bank.

3. With regard to students, the policy is to accord equal treatment to all, whether resident in the Provinces or States. The arrangements provide for advance remittance of funds to the State Government, to the Educational Liaison Officer, Indian Embassy, Washington, for disbursement to the students sponsored by them. It appears that, in the past, remittances have been occasionally delayed, but the Educational Liaison Officer has made advances from the Government of India funds in such circumstances, in order to avoid hardship to the State's students. With regard to private students, the States exchange facilities in accordance with standard conditions are authorised by the Reserve Bank on application and submission of proof that admission to a satisfactory educational institution has been secured.

4. Foreign exchange for officers of States for travel abroad is authorised by the Government of India on application to this Ministry. Here again, no discrimination is exercised against States officials who are dealt with on an identical footing with the officials of Provincial Government.

5. The Government of India trust that the arrangements for the grant of exchange facilities outlined above be found not unsatisfactory and would welcome a reference from the Mysore Government as regards any instance of inordinate delay that may have come to their notice.

Sanctions the continuance of enhanced rates of Daily Allowance and Mileage till the end of June 1948.

READ—

Government Order No. Fl. 21-90—S. & A. 5-47-2, dated 2nd July 1947, sanctioning the continuance of the enhanced rates (by 83 1/3 per cent) daily allowance and mileage admissible under the provisions of the Mysore Service Regulations in respect of Government Servants and Non-Government Members of the Committees and other Public Bodies constituted by Government (subject to the minimum of rupee one only for halts in Bangalore and rupees twelve only in the case of halts in other places in the State) till the end of December 1947.

ORDER No. Fl. 4334-4403—S. & A. 122-47-1, DATED BANGALORE,
THE 26TH JANUARY 1948.

Government are pleased to direct that enhanced rates of daily allowance and mileage referred to in the Government Order read above be continued till the end of June 1948.